The Manitoba Habitat Heritage Corporation

Financial Statements 2006/2007

Responsibility for Financial Reporting

The Manitoba Habitat Heritage Corporation

The management of the Manitoba Habitat Heritage Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and of necessity, include some amounts based upon management's best estimate and judgments up to June 8, 2007.

The responsibility of the Auditor General and staff is to express an independent opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The auditors' report outlines the scope of the auditors' examination and provides the audit opinion.

Chief Executive Officer

Manager of Financial Services

June 8, 2007

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Habitat Heritage Corporation

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2007 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 8, 2007

500 - 330 Portage Avenue Winnipeg, Manitoba, CANADA R3C 0C4

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2007
(with comparative figures for 2006)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2007	2006
ASSETS						
Current Assets						
Cash	$225,442	$47,947	$171,868		$445,257	$217,754
Funds on deposit with Province of Manitoba (Note 3)	213,285		119,257		332,542	372,917
Accounts receivable						
Government of Canada	135,836	139,400			275,236	309,300
Province of Manitoba	2,490		28,500		30,990	1,905
Delta Waterfowl Foundation	41,306				41,306	89,961
Other	2,188				2,188	2,022
Manitoba Agro Woodlot Program	68,159				68,159	
Due from North American Waterfowl Management Plan		150,000		$(150,000)		
Due from Riparian Program	48,335			(48,335)		
Prepaid expenses	33,006				33,006	18,981
	770,047	337,347	319,625	(198,335)	1,228,684	1,012,840
Capital Assets (Note 5)			6,330,349		6,330,349	5,205,154
Trust Assets (Note 12)					1,016,846	1,029,727
TOTAL ASSETS	$770,047	$337,347	$6,649,974	$(198,335)	$8,575,879	$7,247,721
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	$97,494	$14,047	$34,755		$146,296	$173,300
Due to North American Waterfowl Management Plan		48,335		$(48,335)		
Due to Riparian Program	150,000			(150,000)		
Deferred contributions related to operations (Note 6)		237,107			237,107	67,107
Deferred contributions related to capital assets (Note 7)			314,125		314,125	301,505
	247,494	299,489	348,880	(198,335)	697,528	541,912
FUND BALANCES						
Invested in Capital Assets			6,301,094		6,301,094	5,150,393
Unrestricted	522,553	37,858			560,411	525,689
Trust Liabilities (Note 12)					1,016,846	1,029,727
TOTAL LIABILITIES & FUND BALANCES	$770,047	$337,347	$6,649,974	$(198,335)	$8,575,879	$7,247,721

On behalf of the Board:

Director

Director

The accompanying notes are an integral part of these financial statements.

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances for the year ended March 31, 2007 (with comparative figures for 2006)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2007	2006
REVENUE						
Government of Canada contributions	$297,094	$154,600			$451,494	$592,035
Province of Manitoba contributions	645,000	38,412			683,412	689,000
Highways Mitigation Fund, Province of Manitoba	61,670				61,670	92,455
Contributed services, Province of Manitoba	76,722	14,946			91,668	97,171
Delta Waterfowl Foundation	116,459				116,459	52,852
Donations	278				278	390
Interest income	5,798	1,018			6,816	3,366
Other	32,715	1,269			33,984	29,145
Management fees (Note 13)	162,261			$(111,929)	50,332	57,030
	1,397,997	210,045		(111,929)	1,496,113	1,613,444
EXPENSES						
Amortization of capital assets			30,664		30,664	26,571
Loss on disposal of capital assets						2,454
Service delivery — Schedule 1	1,252,603				1,252,603	1,229,789
— Schedule 2		277,958		(111,929)	166,029	207,819
	1,252,603	277,958	30,664	(111,929)	1,449,296	1,466,633
Excess (deficiency) of revenue over expenses	145,394	(67,913)	(30,664)		46,817	146,811
FUND BALANCES						
Fund balances, beginning of year	418,725	106,964	5,150,393		5,676,082	4,791,142
Investment in capital assets			866,006		866,006	738,129
Donated land and land use rights			272,600		272,600	
Interfund transfers (Note 8)	(41,566)	(1,193)	42,759			
Fund balances, end of year	$522,553	$37,858	$6,301,094		$6,861,505	$5,676,082

The accompanying notes are an integral part of these financial statements.

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows
for the year ended March 31, 2007
(with comparative figures for 2006)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2007	2006
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	$145,394	$(67,913)	$(30,664)		$46,817	$146,811
Amortization of capital assets			30,664		30,664	26,571
Net change in non-cash working capital	165,667	(154,821)			10,846	(93,564)
Loss on disposal of capital assets						2,454
Increase in deferred contributions related to operating activities		170,000			170,000	(15,569)
Net cash used in operating activities	311,061	(52,734)			258,327	66,703
FINANCING AND INVESTING ACTIVITIES						
Purchase of capital assets			(42,759)		(42,759)	(52,139)
Net change in accounts receivable for acquisition of land rights			(28,500)		(28,500)	28,451
Received restricted grants for purchase of land rights			866,006		866,006	738,129
Acquisition of land rights with restricted grants			(840,500)		(840,500)	(721,630)
Net change in accounts payable for acquisition of land rights			(38,066)		(38,066)	(11,875)
Increase in deferred contributions related to capital assets			12,620		12,620	(32,803)
Received donation of land and land rights			272,600		272,600	
Acquisition of donated land and land rights			(272,600)		(272,600)	
Net cash used in financing and investing activities			(71,199)		(71,199)	(51,867)
Net increase (decrease) in cash	311,061	(52,734)	(71,199)		187,128	14,836
Cash and cash equivalents, beginning of year	169,232	101,874	319,565		590,671	575,835
Interfund transfers	(41,566)	(1,193)	42,759			
Cash and cash equivalents, end of year	$438,727	$47,947	$291,125		$777,799	$590,671
Cash and cash equivalents consist of :						
Cash	$225,442	$47,947	$171,868		$445,257	$217,754
Funds on deposit with Province of Manitoba	213,285		119,257		332,542	372,917
	$438,727	$47,947	$291,125		$777,799	$590,671

The accompanying notes are an integral part of these financial statements.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements
March 31, 2007

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (MHHC) was established in 1986 as a Crown Corporation under *The Manitoba Habitat Heritage Act*. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations. Donations to the Corporation are tax deductible by the donor pursuant to *The Income Tax Act*, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) The Riparian Program (RP)

In January, 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. In fiscal year 2002/03, the name of the program was changed from Green Banks to the Riparian Stewardship Program. In 2006/07 it was changed to the Riparian Program to reflect the broadening of the program activities.

A management fee is charged by the Corporation for services provided by NAWMP to this program.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

a) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions relating to land and land use rights, which are not amortized, are accounted for as increases in the Capital Assets Fund balance when the capital asset is purchased. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Management fees are recognized as revenue in the year the service is provided.

b) Capital Assets

The Capital Assets Fund reports the Corporation's capital assets and related amortization expenses.

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair market value at the date the asset is donated.

Notes to Financial Statements
March 31, 2007

2. Significant Accounting Policies (continued)

Amortization of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets at the rates indicated below.

Computer hardware	–	20%
Computer software	–	33%
Equipment	–	10%
Furniture and fixtures	–	10%

c) Contributed Services

Services are contributed by the Province of Manitoba's Department of Water Stewardship, Ecological Services Division. Contributed services are recorded at cost, which is fair value.

d) Financial Instruments

The carrying amounts of current asset and liabilities are reasonable estimates of their fair value because of the short-term maturity of these instruments.

e) Recent Accounting Pronouncements

In January 2005, the Canadian Institute of Charter Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. Transitional provisions are complex and vary based on the type of financial instruments under consideration. The Corporation is in the process of determining the effect of these new standards on its financial statements.

f) Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Funds on Deposit with Province of Manitoba

Funds on deposit with the Province of Manitoba will mature between April 30, 2007, and June 11, 2007, yielding 4.0%.

4. Comparative Figures

Certain amounts of prior year's comparative figures have been reclassified to conform with the current year presentation.

5. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2007	2006
Land and land use rights	$6,218,578		$6,218,578	$5,105,211
Computer hardware	208,702	$155,076	53,626	47,844
Computer software	56,888	43,122	13,766	7,258
Equipment	95,191	57,201	37,990	35,855
Furniture and fixtures	56,796	50,407	6,389	8,986
Total capital assets	$6,636,155	$305,806	$6,330,349	$5,205,154

Purchases of capital assets in the period are as follows:

	2007	2006
Land and land use rights	$1,113,369	$730,980
Computer hardware	24,505	30,837
Computer software	11,760	6,453
Equipment	5,813	10,593
Furniture and fixtures	413	4,255
	$1,155,860	$783,118

The sources of funding for land and land use rights are as follows:

	2007	2006
Environment Canada	$291,438	$299,160
Delta Waterfowl Foundation	376,070	340,280
Manitoba Water Stewardship	109,158	
Manitoba Infrastructure and Transportation	33,310	49,285
Manitoba Conservation Districts	30,525	42,255
Manitoba Conservation	268	
Donations	272,600	
	$1,113,369	$730,980

6. Deferred Contributions Related to Operations

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods.

Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	RP	2007 Total	2006 Total
Balance, beginning of year		$67,107	$67,107	$82,676
Less: Revenue recognized in the year		(10,000)	(10,000)	(82,676)
Add: Revenue received related to the following year		180,000	180,000	67,107
Balance, end of year		$237,107	$237,107	$67,107

Riparian Program

The balance of $67,107, originating from the Manitoba Rural Adaptation Council, is restricted for riparian conservation and enhancement activities. The balance of $140,000 is restricted to the Watershed Management Planning Program. The remainder of $30,000 is restricted for the delivery of Riparian Easements.

Notes to Financial Statements
March 31, 2007

7. Deferred Contributions Related to Capital Assets

Deferred contributions reported in the Capital Assets Fund represent restricted contributions received with which land and land use rights will be purchased. When the land and land use rights are purchased the related restricted contributions will be transferred from deferred contributions related to capital assets to the Capital Assets Fund balance.

Changes in the deferred contributions balance in the Capital Assets Fund are as follows:

	NAWMP	BP	2007 Total	2006 Total
Balance, beginning of year	$211,505	$90,000	$301,505	$314,388
Add: Contributions received	49,150	$191,588	240,738	134,530
Add: Interest earned	7,182		7,182	7,037
Less: Amounts returned		(6,063)	(6,063)	
Less: Amounts transferred to fund balance	(120,000)	(109,158)	(229,238)	(154,370)
Balance, end of year	$147,757	$166,367	$314,124	$301,505

The balance of $314,125 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The contributions received in 2007 totaled $240,738 consisting of, $220,088 from the Province of Manitoba and $20,650 from the Turtle Mountain Conservation District. In comparison the contributions received in 2006 included, $90,000 from the Province of Manitoba of which $6,063 was returned in 2007, $9,350 was received from Delta Waterfowl Foundation and $35,180 from the Turtle Mountain Conservation District.

8. Interfund Transfers

In 2007, $41,566 was transferred from the NAWMP operating funds and $1,193 from the RP operating funds to the Capital Asset fund in order to fund the cash outlays for capital asset acquisitions.

9. Operational Commitments

a) The Corporation leases space under existing leases for six NAWMP offices. The minimum annual lease payments for the next two years are as follows:

2008	$70,026
2009	$47,307

b) The Corporation leases vehicles and office equipment under NAWMP. The minimum annual lease payments for the next two years are as follows:

2008	$12,263
2009	$12,263

10. Capital Commitments

At March 31, 2007, the NAWMP and RP had signed several commitments to purchase Conservation Agreements. These Conservation Agreements are to be paid out upon filing of the caveats associated with each Conservation Agreement in the 2008 fiscal year. These commitments totaled approximately $140,013.

11. Group Registered Pension Plan (RPP) Employee Benefits

Under the terms of the Corporation's RPP program, employee contributions to RPP's are matched by the Corporation on a current basis. As a result, the Corporation has no future pension benefit liability to employees. The amounts paid by the Corporation in 2007 were $21,097 (2006 - $18,293).

12. Trust Assets and Liabilities

The Corporation holds assets in trust as follows:

	2007	2006
Cash and short term investments	$423,566	$436,447
Land	593,280	593,280
	$1,016,846	$1,029,727

Details relating to the parties involved and the assets held are included in notes (a) to (g) which follow.

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Conservation for the CWHP.

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Corporation to the CWHP for these services. Disbursements, from the funds held in trust, are made at the direction of the Wildlife and Ecosystem Protection Branch.

Trust assets held by the Corporation on behalf of this program include:

	2007	2006
Cash and short term investments	$154,323	$115,956
Land Portfolio	593,280	593,280
	$747,603	$709,236

12. Trust Assets and Liabilities (continued)

b) The Manitoba Agro Woodlot Program (MAWP)

On November 1, 2004 the Corporation began providing administrative support to Manitoba Agriculture, Food and Rural Initiatives for the MAWP.

The Corporation provides banking and financial services for MAWP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Corporation to the MAWP for these services. Disbursements, from the funds held in trust, are made at the direction of Manitoba Agriculture, Food and Rural Initiatives. The negative cash balance illustrates that The Corporation is lending cash to the program while their funding is still held up in negotiations.

Trust assets held by the Corporation on behalf of this program include:

	2007	2006
Cash and short term investments	($4,290)	$39,060

c) Manitoba Forestry/Wildlife Management Project (MFWMP)

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Conservation for the MFWMP.

The Corporation provides banking and financial services for MFWMP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Corporation to the MFWMP for these services. Disbursements, from the funds held in trust, are made at the direction of the Wildlife and Ecosystem Protection Branch. This project was completed this year.

Trust assets held by the Corporation on behalf of this program include:

	2007	2006
Cash and short term investments	Nil	$12,194

12. Trust Assets and Liabilities (continued)

d) Prairie Habitat Joint Venture Advisory Board (PHJV)

On May 12, 1990 Manitoba officially joined the PHJV Advisory Board. The PHJV Board's purpose is to oversee implementation of the NAWMP through a joint venture among participating agencies within the prairie provinces. PHJV agreed that the partner agencies would contribute to the costs of a Policy Committee with MHHC holding the funds in trust.

Trust assets held by the Corporation on behalf of this program include:

	2007	2006
Cash and short term investments	$161,945	$134,491

e) Oak Hammock Marsh Wildlife Management Area (OHM-WMA)

On October 2, 2003 the Province of Manitoba, MHHC and Ducks Unlimited Canada signed a five year infrastructure agreement. The Province of Manitoba and Ducks Unlimited Canada agreed to contribute to the costs of restoration to the OHM-WMA with MHHC holding the funds in trust.

Trust assets held by the Corporation on behalf of this program include:

	2007	2006
Cash and short term investments	$141,821	$134,746

12. Trust Assets and Liabilities (continued)

f) Prairie Species at Risk Beneficial Management Practices Project (SAR - BMP)

On July 4, 2006 MHHC entered into a two year agreement with Agriculture and Agri Food Canada under their Greencover Canada Program to hire two consultants to undertake the development and implementation of a "Beneficial Management Practices" package for producers focusing on Species at Risk. MHHC agreed to hold the funds in trust. The negative cash balance illustrates that The Corporation is lending cash to the program while their funding is based on an expense recovery system.

Trust assets held by the Corporation on behalf of this program include:

	2007	2006
Cash and short term investments	($33,703)	Nil

g) Delta Marsh Rehabilitation

On August 3, 2006 MHHC entered into a contract with Wildlife Habitat Canada to sponsor the purchase of additional land to rehabilitate the Delta Marsh on behalf of the Manitoba Conservation's Wildlife and Ecosystem Protection Branch. MHHC agreed to hold the funds in trust. All lands were purchased and transferred to the Province.

Trust assets held by the Corporation on behalf of this program include:

	2007	2006
Cash and short term investments	$3,470	Nil

13. Management Fees

The Corporation charges for services provided by NAWMP to other programs as follows:

	2007	2006
RP	$111,929	$130,894
HAWP	24,000	25,450
HFWMP	1,295	Nil
CWHP	25,037	31,580
	$162,261	$187,924

14. Economic Dependence

MHHC is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

15. Disclosure Required by the Public Sector Compensation Disclosure Act

Remuneration paid to Board members during the year, in aggregate, totaled $4,900 (2006 - $5,000). Six contract employees were paid the following amounts in the fiscal year:

	2007	2006
T. Sopuck, Manager of Operations	$77,136	$72,446
K. Teneycke, Habitat Field Manager	67,679	64,172
G. Forsyth, Field Representative	52,078	50,851
R. Bullion, Field Representative	52,078	50,851
A. Bourrier, Field Representative	52,078	50,851
G. Ouellette, Manager of Financial Services	51,646	N/A

THE MANITOBA HABITAT HERITAGE CORPORATION
NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule 1

Schedule of Expenses for the year ended March 31, 2007
(with comparative figures for 2006)

	2007	2006
Expenses		
Habitat activities		
Salaries and benefits	$377,969	$352,637
Field office operations	71,324	77,489
Staff support	82,947	80,206
Nest baskets	51,246	36,698
Land leases	1,981	11,399
Habitat development	9,581	33,910
Property taxes	15,844	12,498
	610,892	604,837
Evaluation	76,471	77,981
Communications		
Salaries and benefits	90,099	84,646
Program delivery	33,924	20,443
	124,023	105,089
Program coordination		
Salaries and benefits	233,515	233,229
Rent	39,556	46,753
Office	51,052	53,407
Other	35,806	36,687
Professional fees	58,239	40,973
Board meetings and remuneration	7,262	11,726
Travel	15,787	19,107
	441,217	441,882
TOTAL EXPENSES	$1,252,603	$1,229,789

THE MANITOBA HABITAT HERITAGE CORPORATION
RIPARIAN PROGRAM

Schedule 2

Schedule of Expenses for the year ended March 31, 2007 (with comparative figures for 2006)

	2007	2006
EXPENSES		
Habitat activities		
Salaries and benefits	$23,652	$19,258
Field office operations	6,126	2,181
Staff support	4,903	5,236
Managed grazing systems		90,918
Workshop expenses	2,639	235
Signage	779	1,429
Habitat management fees	28,887	36,005
	66,986	155,262
Communications		
Salaries and benefits	1,495	
Program delivery	35,244	10,890
Communications management fees	11,596	16,284
	48,335	27,174
Program coordination		
Salaries and benefits	57,501	59,351
Rent	5,757	
Office	4,312	5,897
Other		917
Professional fees	14,810	4,909
Travel	8,760	6,598
Coordination management fees	71,497	78,605
	162,637	156,277
TOTAL EXPENSES	$277,958	$338,713